

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7036**  
**BILL NUMBER: SB 289**

**DATE PREPARED:** Dec 28, 2001  
**BILL AMENDED:**

**SUBJECT:** Kindergarten Enrollment Date.

**FISCAL ANALYST:** Chuck Mayfield  
**PHONE NUMBER:** 232-4825

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

STATE IMPACT	FY 2002	FY 2003	FY 2004
State Revenues			
State Expenditures		3,970,000	13,830,000
Net Increase (Decrease)		(3,970,000)	(13,830,000)

LOCAL IMPACT	CY 2002	CY 2003	CY 2004
Local Revenues		6,780,000	17,510,000
Local Expenditures			
Net Increase (Decrease)		6,780,000	17,510,000

**Summary of Legislation:** This bill provides that a child must be at least five years of age on the following dates to officially enroll in a kindergarten program offered by a school corporation: (1) August 1 of the 2003-2004 school year. (2) September 1 of the 2004-2005 school year or any subsequent school year. (Current law requires that a child must be at least five years of age on July 1 to officially enroll in a kindergarten program.)

**Effective Date:** July 1, 2002.

**Explanation of State Expenditures:** This bill will increase the average daily membership (ADM) of school corporations over a two-year period as compared to the ADM under current law. Consequently, this increase in ADM will also increase expenditures from the school funding formula. During the 2001-02 school year,

72,923 students were enrolled in public school kindergarten. Assuming an even distribution of births over the 13-month period and the start date was moved one month for the 2001-02 school year, each month will add 5,609 children to the statewide average daily membership (ADM). Under current statute, kindergarten students are counted as a half ADM. Consequently, the additional costs in the first year will be based on an additional ADM count of 2,805.

Based on the changes in ADM as a result of the dates of admission changes, the additional costs that are generated by the school funding formula are shown in the following table. (The FY 2003 impact is ½ of the CY 2003 impact shown in the table, and the FY 2004 is ½ of the CY 2003 and CY2004 impacts shown in the table.)

*Note:* The estimated costs are based on current state law projected for CY 2003 and CY2004. The future costs that are associated with the additional ADM could be changed for CY 2004 and later if the school formula is changed.

Year	State Tuition Support	At-Risk Monies	Growing Enrollment	Primetime	Total State Support
2003	\$6,748,000	\$161,000	\$965,000	\$71,000	\$7,945,000
2004	\$17,442,000	\$329,000	\$1,388,000	\$550,000	\$19,709,000

#### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** The following table shows the additional number of students who would be added to the school corporations over the two-year period when the admission date is changed. As the table indicates, more than half of the school corporations (56%) would experience increases of between 15 and 50 students. Another 20% of the school corporations could experience increases of more than 50 students.

<b><u>Additional Number of Students over 2-Year Period</u></b>	<b><u># of School Corporations</u></b>	<b><u>Percentage Distribution</u></b>
Less than or equal to 5 Students	6	2%
More than 5 and less than or equal to 10 Students	18	6%
More than 10 and less than or equal to 15 Students	49	17%
More than 15 and less than or equal to 25 Students	91	31%
More than 25 and less than or equal to 50 Students	73	25%
More than 50 and less than or equal to 100 Students	35	12%
More than 100 and less than or equal to 200 Students	17	6%
More than 200 Students	<u>5</u>	2%
Total Number of School Corporations	294	

An alternative way to look at the additional students is by elementary school during the first year of implementation. As the table indicates, about 84% of the elementary schools would experience increases of fewer than eight kindergarten students the first year.

<b><u>Additional Number of Kindergarten Students the First Year</u></b>	<b><u># of Elementary Schools</u></b>	<b><u>Percentage Distribution</u></b>
1 Student	7	0.63%
2 Students	78	7.05%
3 Students	147	13.29%
4 Students	188	17.00%
5 Students	207	18.72%
6 Students	168	15.19%
7 Students	136	12.30%
8 Students	73	6.60%
9 Students	40	3.62%
Greater than or equal to 10 and less than 15 Students	56	5.06%
Greater than or equal to 15 and less than 25 Students	3	0.27%
25 or more Students	<u>3</u>	<u>0.27%</u>
Total Number of Schools	1,106	100%

Currently, schools can admit students with birthdays between July and September by using a waiver. The Department of Education conducted a survey in the summer of 2000. The survey included 184 schools, and the schools that responded estimated that they would admit 2,041 students early using the waiver process. The admission of the students would lower the fiscal impact of moving the start date, by about 10%.

Depending on the existing capacity of each school corporation, some school corporations may need to build new classrooms, add new teachers, acquire additional buses, or incur more route miles to transport kindergarten children to school. Other school corporations may be able to accommodate the additional children with current staff and facilities.

School corporations with classroom shortages may need to rent classrooms from local businesses or churches or use temporary classrooms until new classrooms are built. School corporations which add new classrooms will also incur additional costs for utilities and custodial care.

**Explanation of Local Revenues:** This bill is projected to reduce the General Fund property tax levy by \$1.1 M for CY 2003 and \$2.2 M for CY 2004. The net increase in revenue for schools would be \$6.8 M for CY 2003 and \$17.5 M for CY 2004.

**State Agencies Affected:** Department of Education.

**Local Agencies Affected:** Local school corporations.

**Information Sources:** Department of Education Databases and Survey.